

Human Services Committee
Raised Bill No. 5500
An Act Concerning Provider Audits under the Medicaid Program
March 13, 2014

Senator Slossberg, Representative Abercrombie and Distinguished Members of the Human Services Committee

My name is Patricia Monaco. I am the President and CEO of Northeast Pharmacy Service Corporation representing 105 independent community pharmacies in Connecticut. I am a Connecticut resident. I am submitting this testimony in support of Raised Bill 5500, An Act Concerning Provider Audits under the Medicaid Program. I thank the Committee for raising this bill.

Northeast Pharmacy Service Corporation is a pharmacy service administrative organization (PSAO) whose services include group purchasing, third party contracting, education and training in all areas surrounding the *business of pharmacy*.

Independent community pharmacies are many times located in inner cities with large state Medicaid populations. Deep family heritages have kept many of the pharmacies in these locations through years of reimbursement cuts from the state. These businesses are part of the fabric of many of these communities; sometimes the only provider of pharmaceutical services to some of the poorest and sickest of our state's residents.

Both our pharmacy network and NPSC understand that audits help to ensure the prudent management of taxpayer dollars and help to detect and prevent fraud, waste, and abuse. What we don't understand is why the state's findings in many of the audits we are aware of have been exceedingly punitive for clerical/administrative errors. In the Medicare D prescription plans, CMS does not recover on these claims, they correct them. Even when CMS recovers on a prescription claim, they do not extrapolate; they recover on that claim. In Connecticut by sharp contrast, the state recovers and extrapolates in amounts that may be thousands of times more than the original claim(s)!

Many Connecticut pharmacies serving the CT Medicaid population are not being treated fairly or reasonably in the state's audit process. A clerical error is not fraud; it may be an error made by the prescribing physician. It is not waste; the patient received the medicine that was prescribed. It is not abuse; it is a legitimate prescription written by a licensed physician approved by the state.

A clerical error of an incorrect NPI number should be corrected not extrapolated. A controlled substances drug prescription not written on the proper tamper resistant paper by the physician has led to recovery in amounts over 1000 times the prescriptions value. This shouldn't happen. One might say that pharmacies doing a large amount of Connecticut Medicaid business are

being targeted with the intent to recover as much as possible with blatant disregard of what the intent is of an audit.

Twenty nine states in the union have passed legislation on audit standards in the commercial world of pharmacy claims. The state of Massachusetts is reviewing their state Medicaid audit processes and recoveries. They are in their fourth round of audits in an effort to understand and make adjustments to arrive at a more equitable process. Clearly, it is important that the state of Connecticut processes for Medicaid audits be made fair and equitable, as well.

On behalf of all independent community pharmacies in the State of Connecticut, NPSC sincerely hopes that the Human Services Committee can change the current state audit processes to be made more fair and equitable.

I ask for your support of Raised Bill 5500.

Sincerely,

Patricia Monaco, MBA

President/CEO

Northeast Pharmacy Service Corporation